



Excise Tax Advisory

Excise Tax Advisories (ETA) are interpretive statements issued by the Department of Revenue under authority of RCW 34.05.230. ETAs explain the Department's policy regarding how tax law applies to a specific issue or specific set of facts. They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.

NUMBER: 218.08.113 *Repealed June 30, 2000*

CONVERSION DATE: July 1, 1998

CHEMICALS USED IN PROCESSING TO REMOVE GASES FROM STEEL FURNACES

Repealed June 30, 2000

Issued September 9, 1966

Where oxygen is used to remove gases from furnaces used in producing steel, is the Sales Tax exemption for chemicals used in processing applicable to purchases of oxygen?

The taxpayer purchased oxygen for use in the production of steel. Oxygen was injected into the furnace and reacted with carbon to form carbon monoxide. The carbon monoxide removed unwanted gases and controlled the carbon content of the steel. An exemption from Sales Tax was claimed on purchases of oxygen used in the furnace.

To qualify for exemption under RCW 82.04.050 a chemical used in processing must be a part of a bona fide chemical reaction, the reaction must occur directly through contact with an end ingredient of the final product, and the reaction must be the primary purpose for introducing the chemical. The oxygen used by the taxpayer reacted with carbon but the product, carbon monoxide, was removed as a gas. As none of the products of the reaction with oxygen were present in the end ingredients of the processing, the conditions for exemption were not met and the Sales Tax applied to the taxpayer's purchases of oxygen. (Letter.)

ETBS have been made Excise Tax Advisories, and have retained their old number. Advisories with a 2 (plus three digits) are new advisories, ETBs that have been revised and readopted after review under the Department's regulatory improvement program, or advisories that have been revised and/or readopted.

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